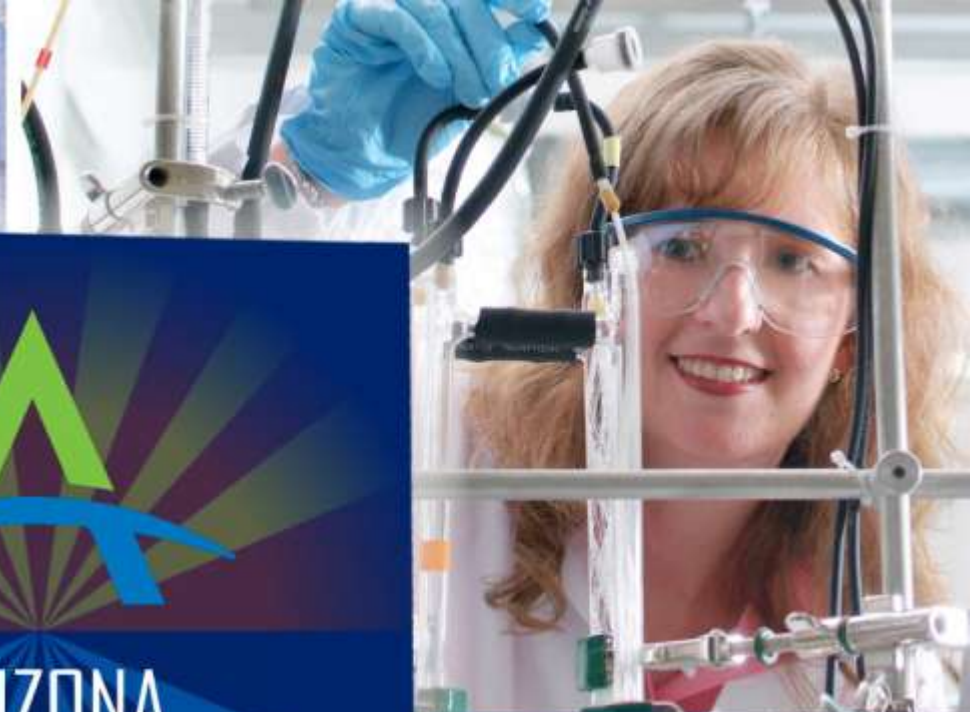




34 Projects  
Capital Investment: \$1.36 billion  
Jobs Created: 7,205



ARIZONA  
COMMERCE  
AUTHORITY

Advancing Arizona's Economy





ACA Board Meeting  
Thursday, September 23, 1010

## Agenda

1. Call to Order
2. Roll Call
3. The Vision Begins: Welcome and Opening Remarks
4. Executive Committee Appointments
5. The Vision: It's About Leadership
6. Board Member Introductions
7. ACA Operations
8. Arizona's Economy and Competitiveness
9. The Vision: It's About Execution
10. Closing Remarks

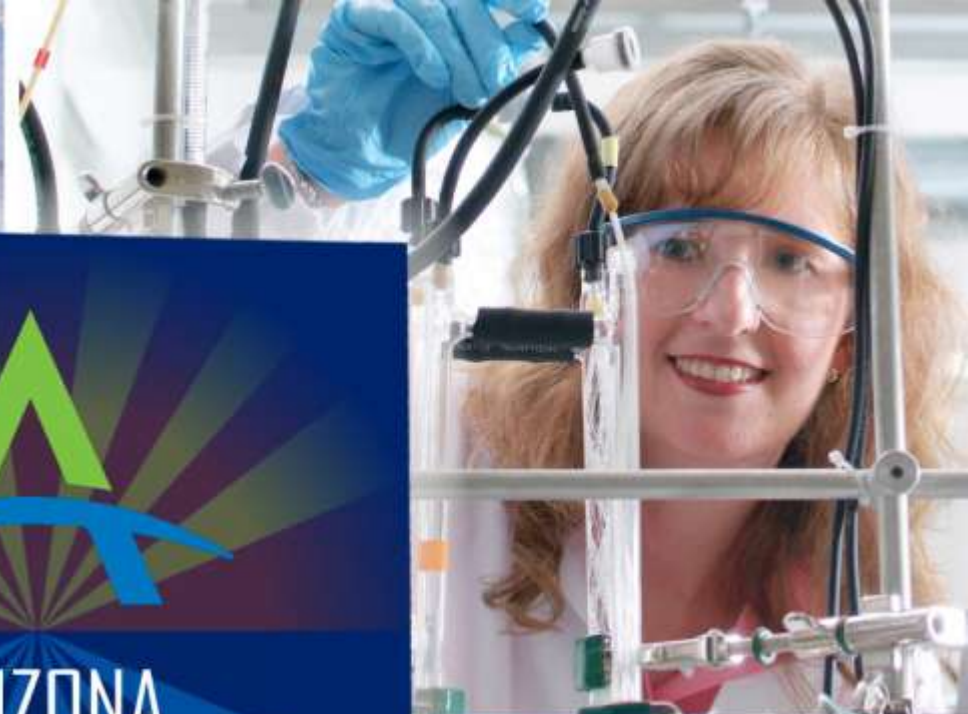


# The Vision Begins

Governor  
Jan Brewer







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# The Vision: It's About Leadership

Jerry Colangelo  
Co-Chair







# Board Member Introductions

Jerry Colangelo  
Co-Chair





# ACA Operations

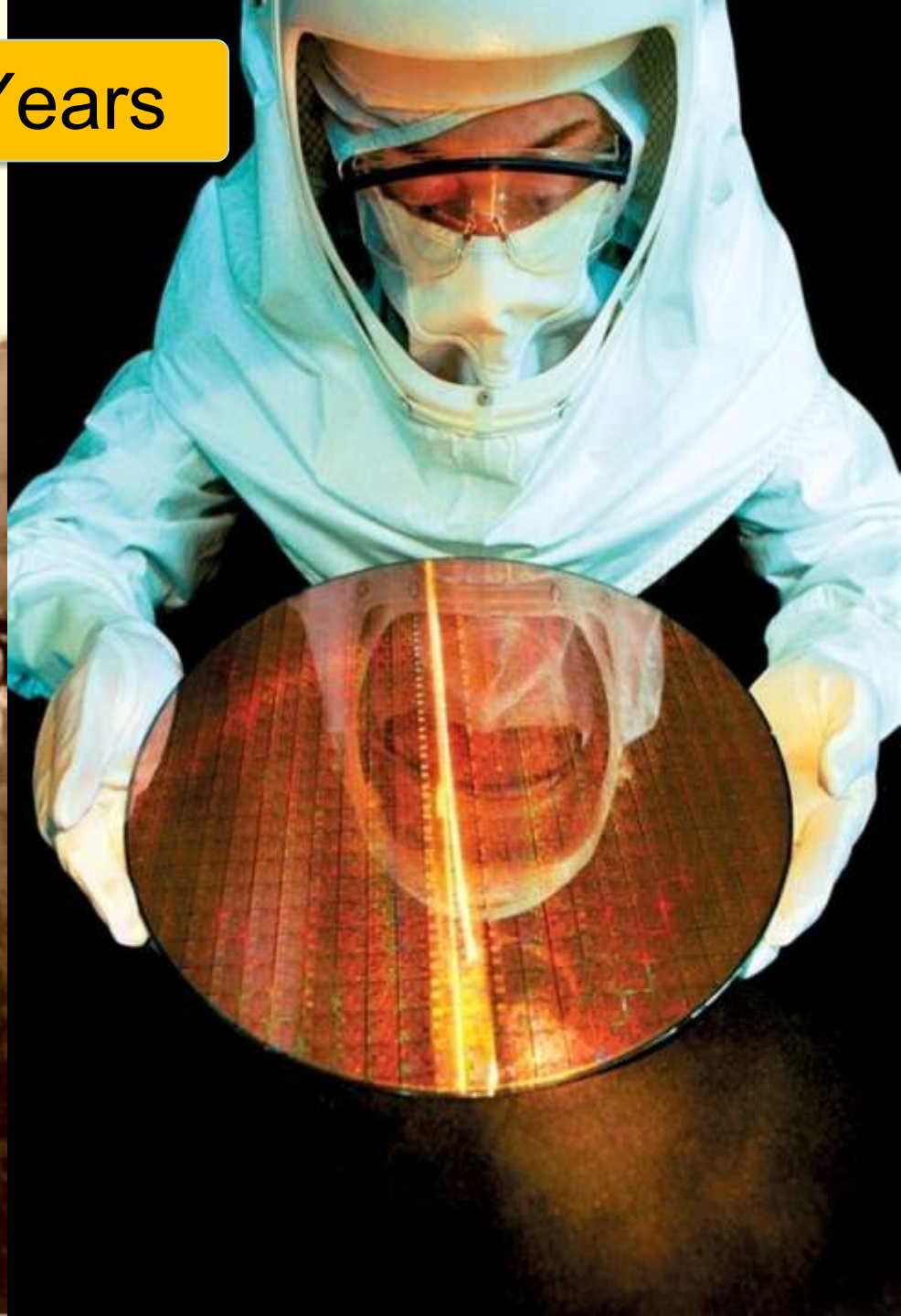
Eileen Klein  
Chief of Staff



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# Arizona's Next 100 Years





# Arizona's Jobs Agenda

- ✓ **Advance Regulatory & Tax Reform**
  - Continue moratorium, repeal nuisance rules, promote pro-growth tax code change
- ✓ **Establish Governor's Jobs Team**
  - Key state agencies focused on cutting “red and green tape” to expedite permitting, create jobs faster
- ✓ **Restore Fiscal Stability**
  - Balance the state budget, resolve the deficit while protecting education and public safety
- ✓ **Revamp Department of Commerce**
  - Top state CEOs providing long-term strategy & structure for Commerce Department



# Strategic Investments as Force Multipliers

## ✓ Create Job Closing Fund

- \$20 million in job training assistance to land high wage jobs, enhance Arizonans' workplace skills

## ✓ Re-Launch state's Job Training Program

- Blocked sweeps, \$13.5 million available mid October 2010



# Strategic Investments as Force Multipliers (cont.)

## ✓ Support Innovation, Incubation and Talent Development

- Re-connect to Science Foundation Arizona
  - ✓ \$10 million in matching incentives for industry – propelling projects, STEM education and graduate research fellowships
- Encourage Incubators
  - ✓ \$3.5 million to nurture high tech start ups



# Strategic Investments as Force Multipliers (cont.)

## ✓ Bring Jobs to the Rural Areas

- \$2M to advance economic development projects in rural communities

## ✓ Protect Our Proven Brand

- \$250K to encourage travel to Arizona and to develop a long-term national and international marketing strategy

# Policies as Force Multipliers

- Renewable Energy Manufacturing Tax Credit (SB 1403)
- Renewable Energy Production Tax Credit (SB 1254)
- Solar Liquid Fuel Tax Credit (HB 2370)
- “Green and Grow” Policy
- Small Business R&D Tax Credit / Discounted Refund (SB 1254)
- Internationally Competitive K-12 Academic Standards / Testing
- Baccalaureate Degree Production to Meet State Priorities
- Alignment of Workforce Policy with Commerce Goals
- Preservation of Arizona’s Military Installations (F-35)
- Long-Term Infrastructure Planning for Job Creation





**\$1.36 Billion Capital Investment**  
**7,205 Jobs**



# Strong Operational Foundation



## Organization and Management

- Develop strategic focus, plans
- Align functions to mission
- Recruit CEO, organize talent



# Strong Operational Foundation

## Budget

- Identify resource needs for operations, business attraction / retention
- Develop private partnerships


# Strong Operational Foundation



## Legislation

- Establish Authority, tools and resources
- Advance unparalleled competitiveness Package





"We are a young state. Arizona's best days are still to come if we make the right decisions. They are what the future requires."

*Governor Janice K. Brewer  
State of the State, 2010*



# Arizona's Economic Market

John Arnold  
Director, OSPB

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# Total Arizona Employment

Arizona is projected to add 404,315 jobs by 2018

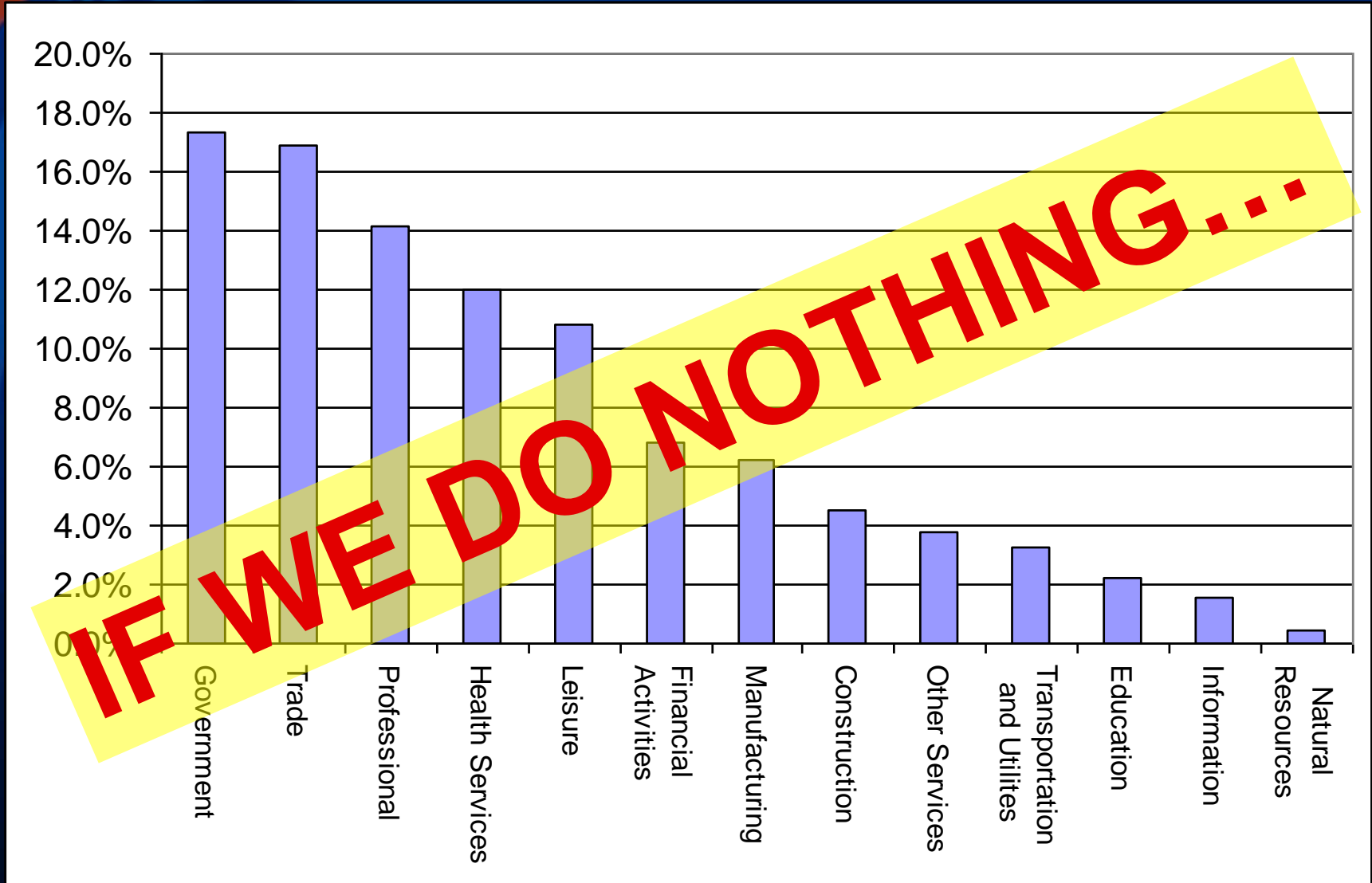


\*Projected

Source: Research Administration 2010-2011 *Occupational Forecast*, August 19, 2010

# 2010 Economic Sectors By Employment

(2,376,000 jobs)





# 2000-2010 New Jobs by Industry

Arizona added 133,320 jobs



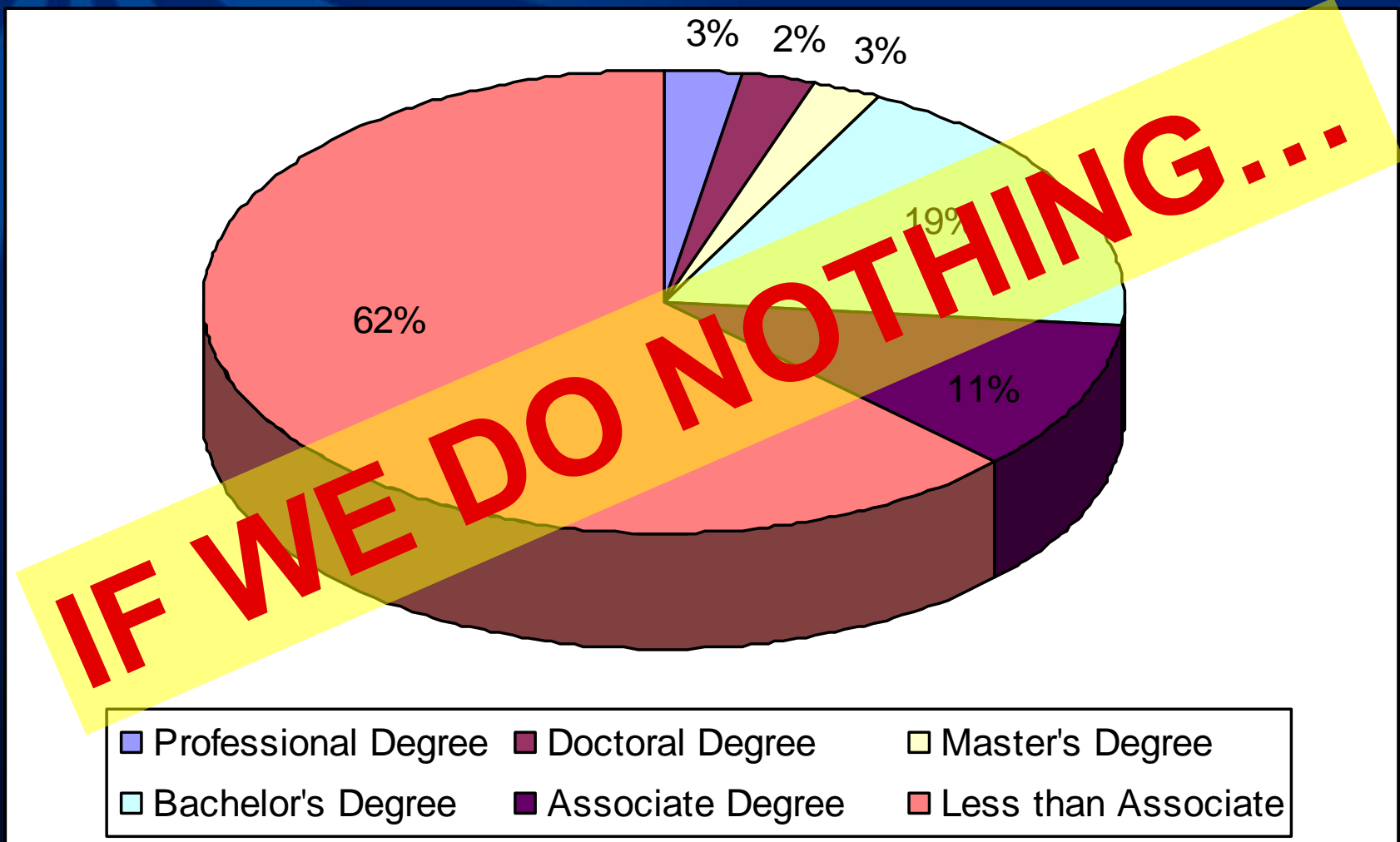
# Projected New Jobs by Industry

Arizona is projected to add 408,135 jobs between 2010-2018

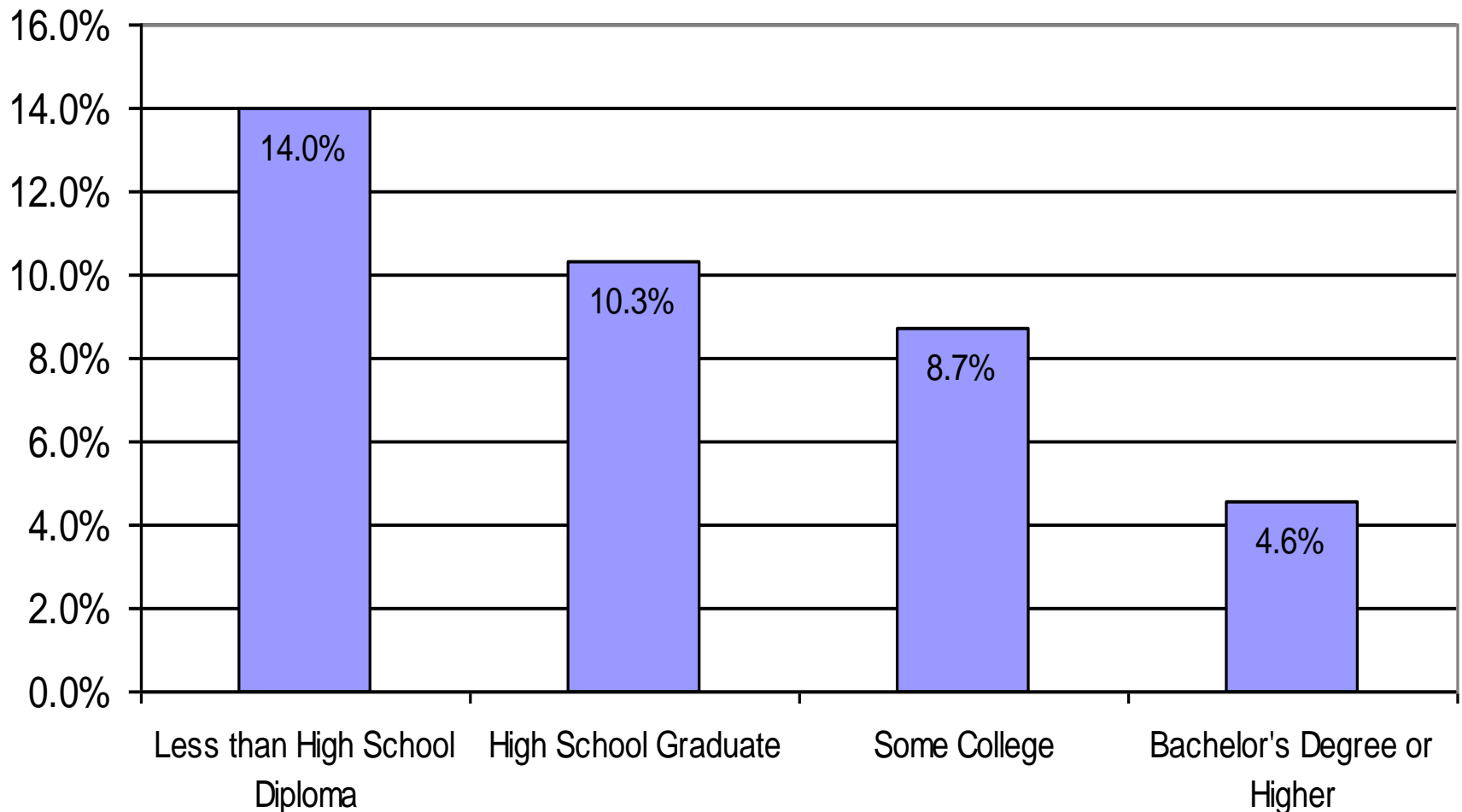




# Projected New Jobs by Education Requirement



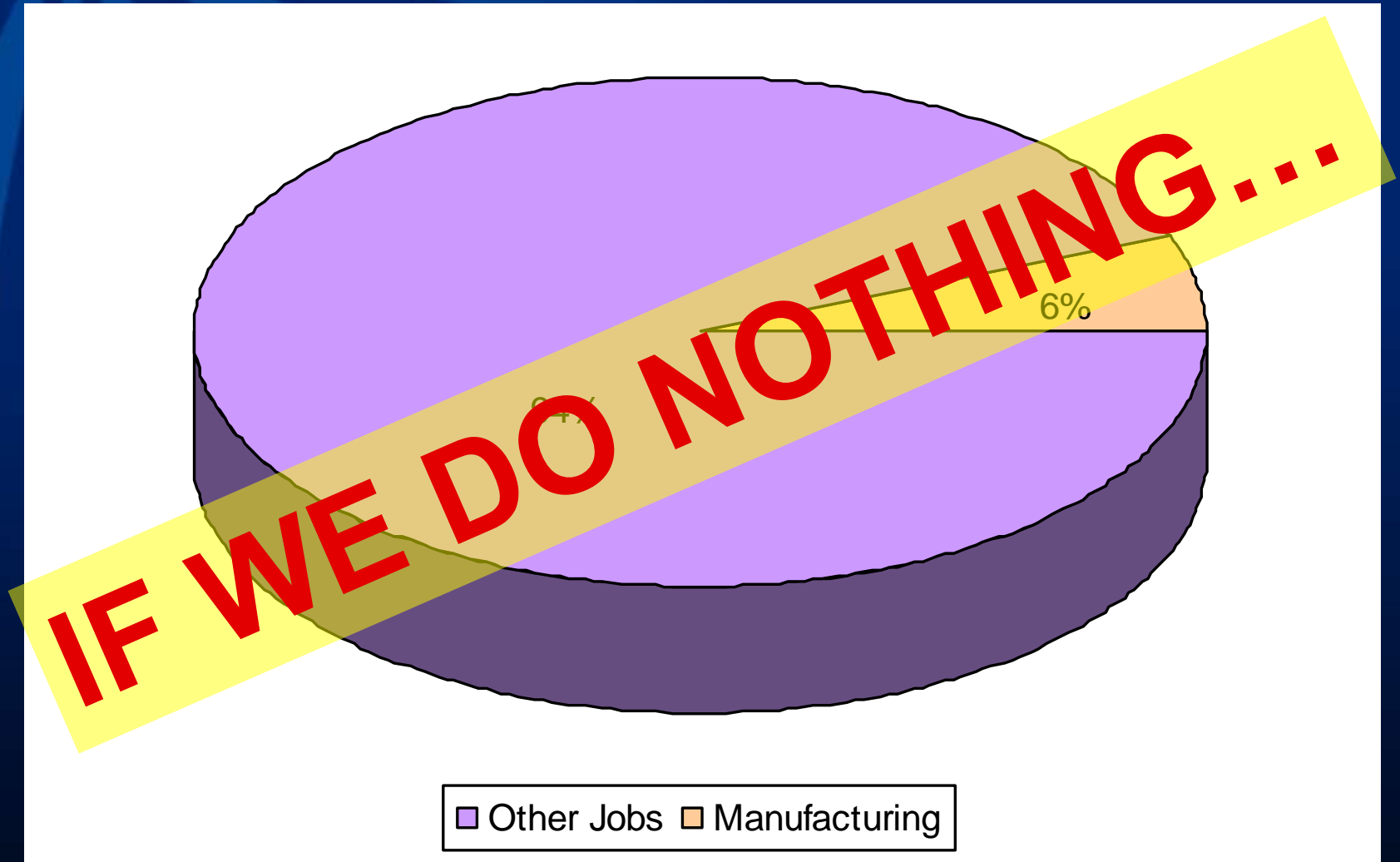
# National Unemployment by Education Level





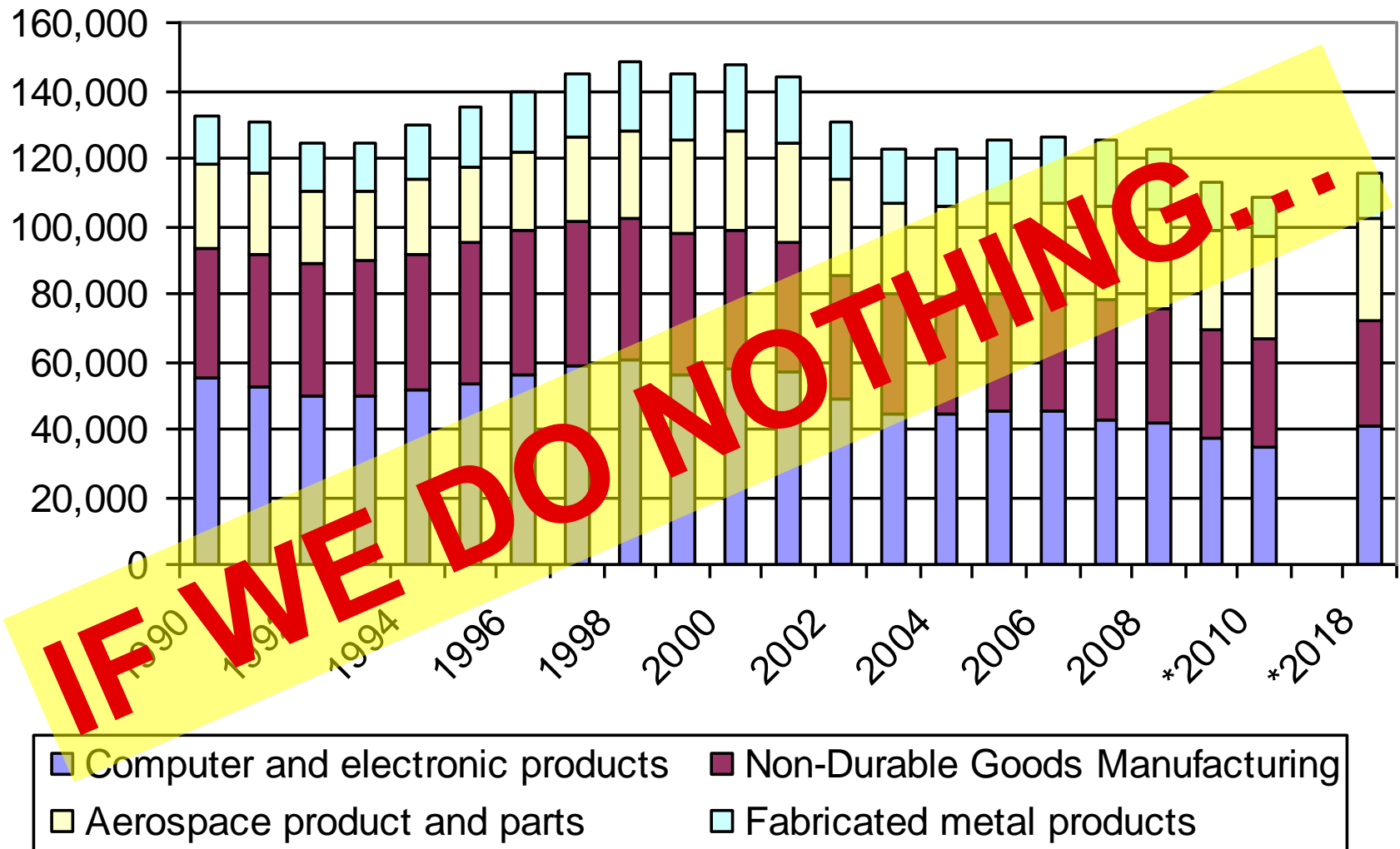
# Arizona Manufacturing

Currently makes up 6% of AZ employment.



# Arizona Manufacturing

Projected to add about 11,000 jobs by 2018



\* Forecasted

Source: Research Administration 2008-2018 Occupational Forecast, August 19, 2010



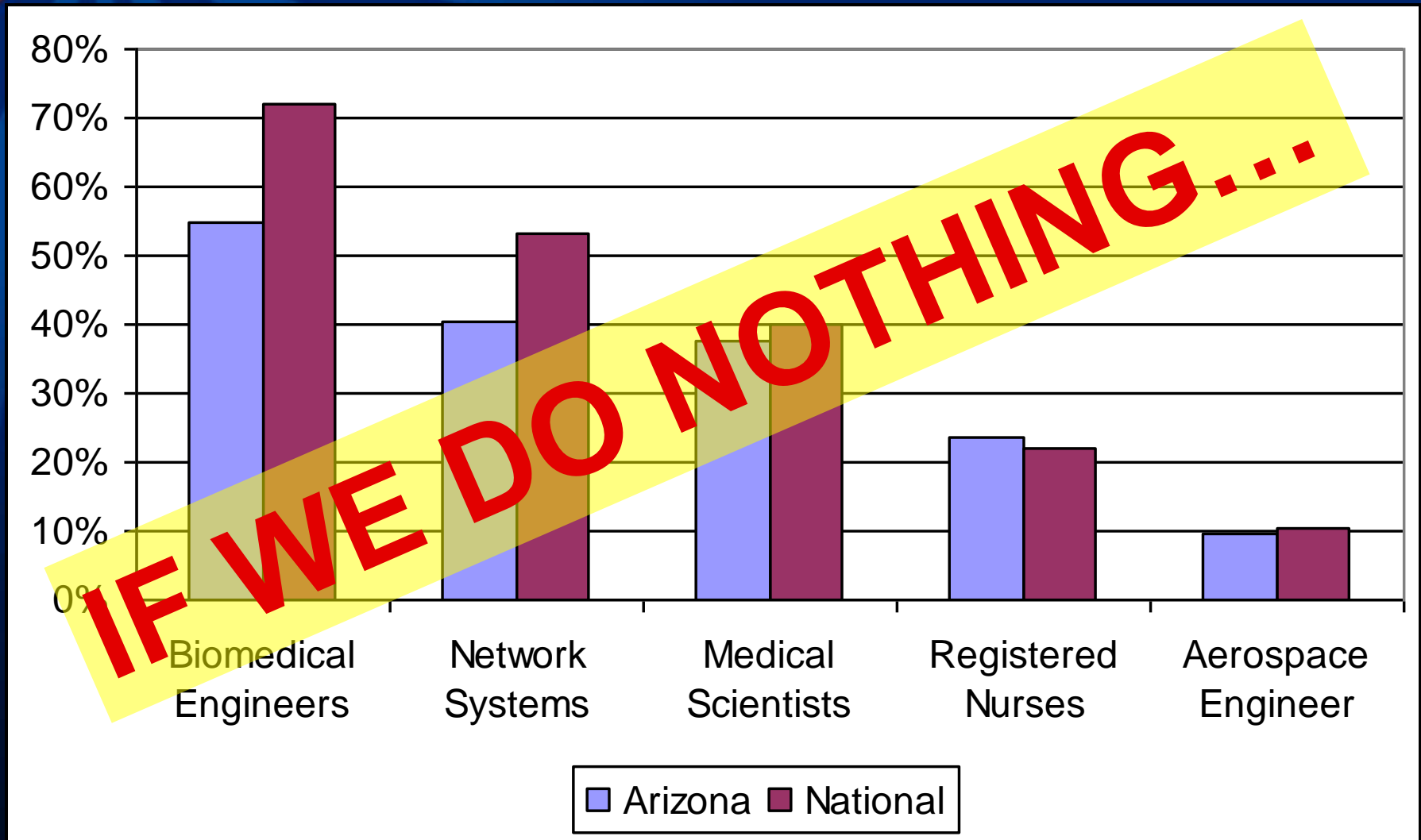
# Arizona Employment Change by Occupation

Thousands of jobs, projected 2008-18

Median annual wages,  
May 2009



# Expansions in Employment Arizona vs. National (2008-2018)





# Multiplier Analysis

Jobs Created For Every Direct Job Added

Industry	Multiplier
Accommodations	0.63
Air Transportation	2.07
Chemical Manufacturing	0.75
Commercial Construction	0.83
Computer and other electronics manufacturing	2.18
Electrical equipment and appliances	1.47
Fabricated Metal	1.10
Hospital	0.91
Mineral and stone product	2.19
Nursing and residential care	0.36
Professional services	0.90
Telecommunication	2.06
Wholesale trade	1.21



# Arizona's Economy & Competitiveness

Dr. Dennis Hoffman  
Director, L. William  
Seidman Research  
Institute, ASU







# Competitiveness

**Definitions of Competitiveness – check out  
<http://economist.asu.edu>**

**Hoffman 2005**

**“Ultimately, competitive regions and cities are places where both companies and people want to locate and invest in.”**

**<http://wpcarey.asu.edu/seidman/Reports/P3intro.pdf>**

**Atkinson 2007 Deep Competitiveness**

**<http://www.itif.org/files/Deep-Competitiveness.pdf>**



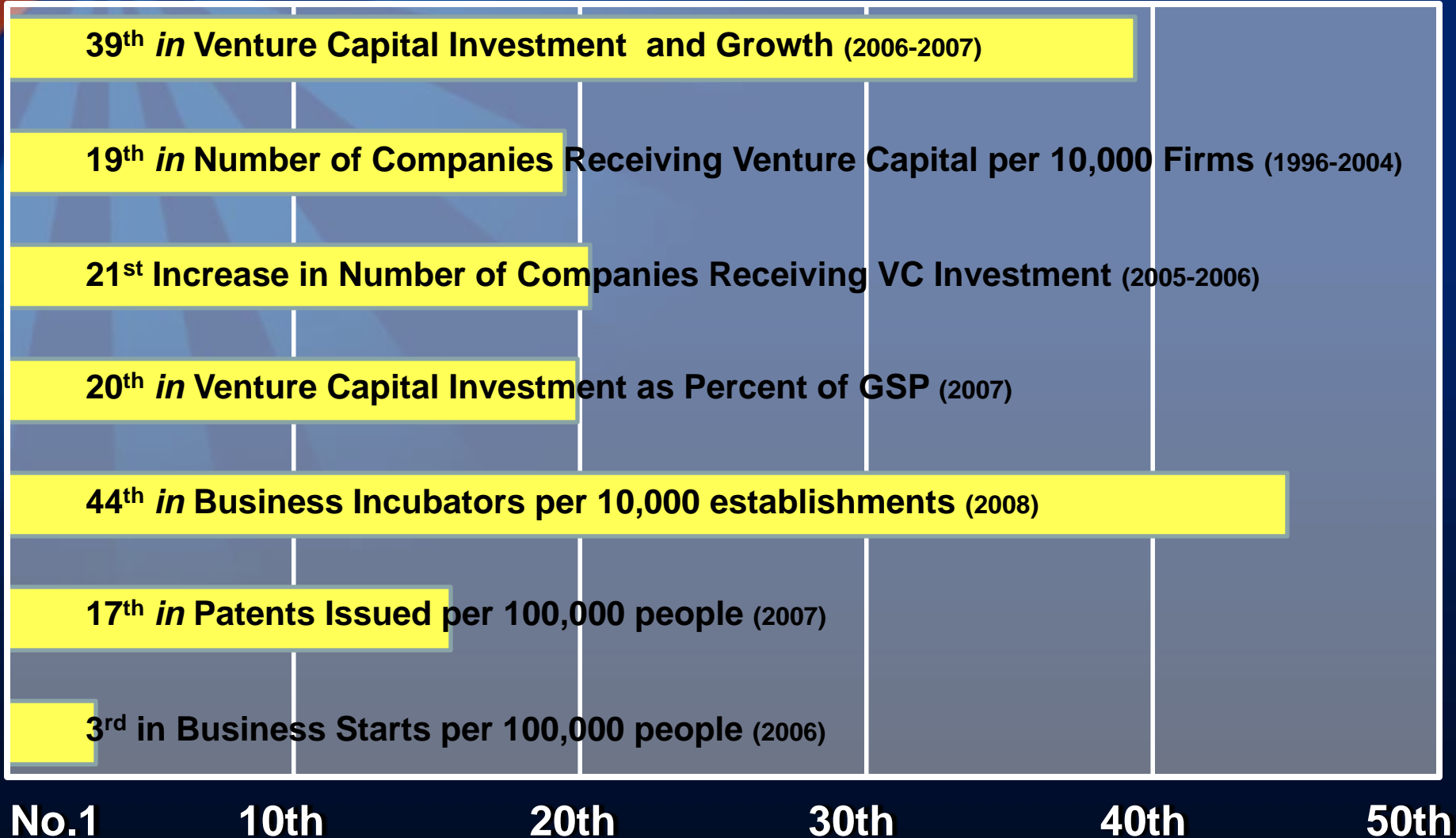
# So How Competitive is Arizona ??

- **Entrepreneurship**
- **Business Climate**
- **Workforce**
- **Space Availability**
- **Infrastructure**



# Entrepreneurship

U.S. Composite Index – 16<sup>th</sup>, down from 10<sup>th</sup> in 2008

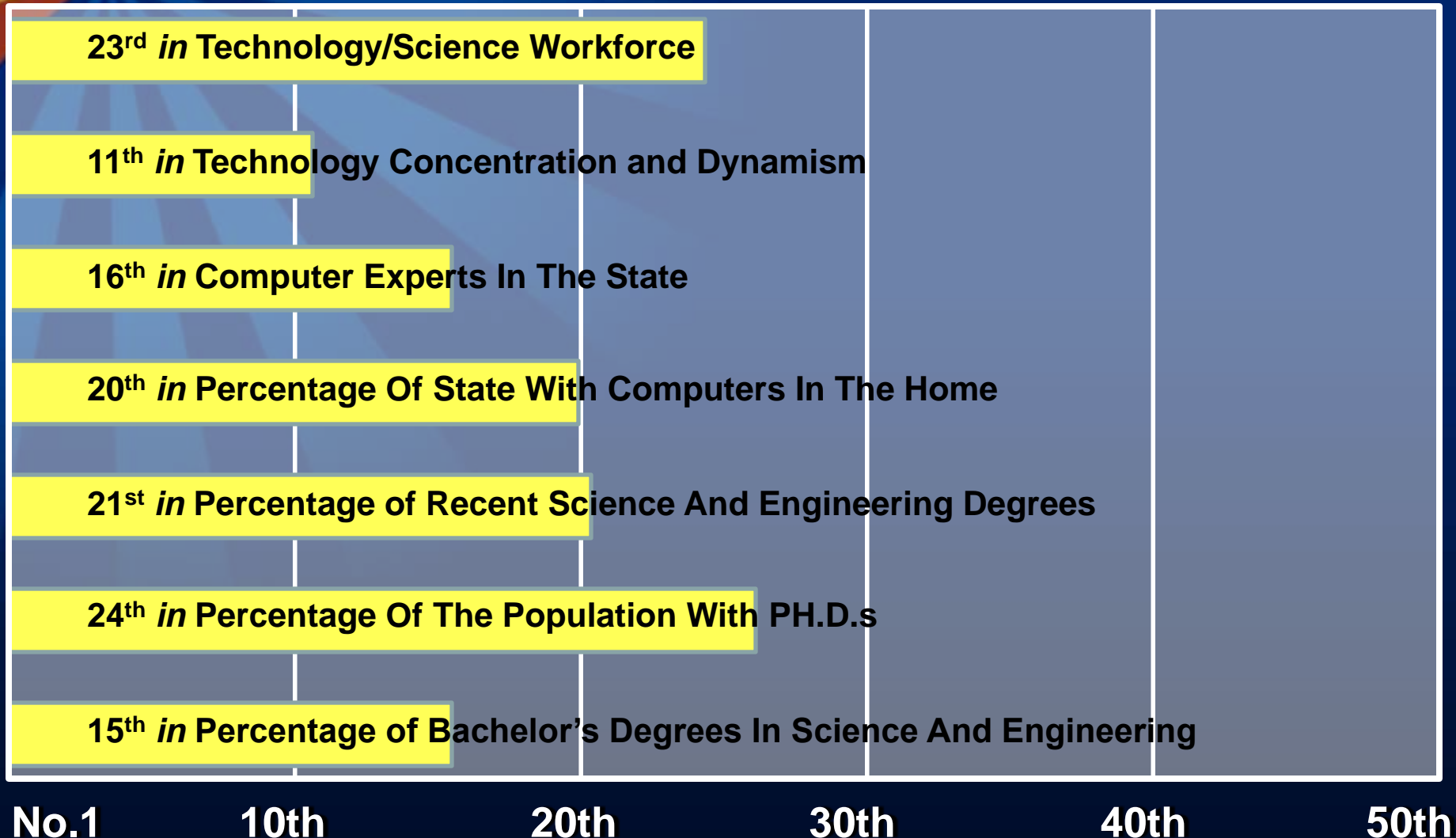


# Arizona Business Climate: #1 Is Best

- **Arizona's 2010 Business Tax Climate: Ranks 28<sup>th</sup>**
- **Corporate Income Tax: Ranks 22<sup>nd</sup>**
  - 6.968% flat rate on all taxable corporate income
  - Current Sales Factor = 80%
- **Individual Income Tax: Ranks 23<sup>rd</sup> from the bottom and in DC tax study 10<sup>th</sup>**
- **Operating Costs: Ranks among lowest in nation**
  - Unemployment Insurance – AZ ranks 5<sup>th</sup>
  - Worker's Compensation – AZ ranks 6<sup>th</sup>
- **Real and Personal Business Property Taxes: Ranks 35<sup>th</sup>**
  - Note: Business Property is assessed at twice the rate of residential property
- **Additional Depreciation (personal business property)**

• Year 1: additional 30%	Year 2: additional 46%
• Year 3: additional 62%	Year 4: additional 78%
• Year 5: additional 94%	

# Science and Tech Workforce







# Commercial Space Availability

## Vacancy Comparison in 141 U.S. Markets

### **Industrial**

#### **Existing Inventory in Total RBA:**

Phoenix – 288,735,753 sqft (20<sup>th</sup>)

Tucson – 38,123,850 sqft (85<sup>th</sup>)

#### **Vacancy %:**

Phoenix – 16.6% (10<sup>th</sup> highest)

Tucson – 11.2% (55<sup>th</sup>)

### **Office**

#### **Existing Inventory in Total RBA:**

Phoenix – 154,316,749 sqft (17<sup>th</sup>)

Tucson – 22,997,370 sqft (79<sup>th</sup>)

#### **Vacancy %:**

Phoenix – 21.4% (1<sup>st</sup>)

Tucson – 12.0% (57<sup>th</sup>)

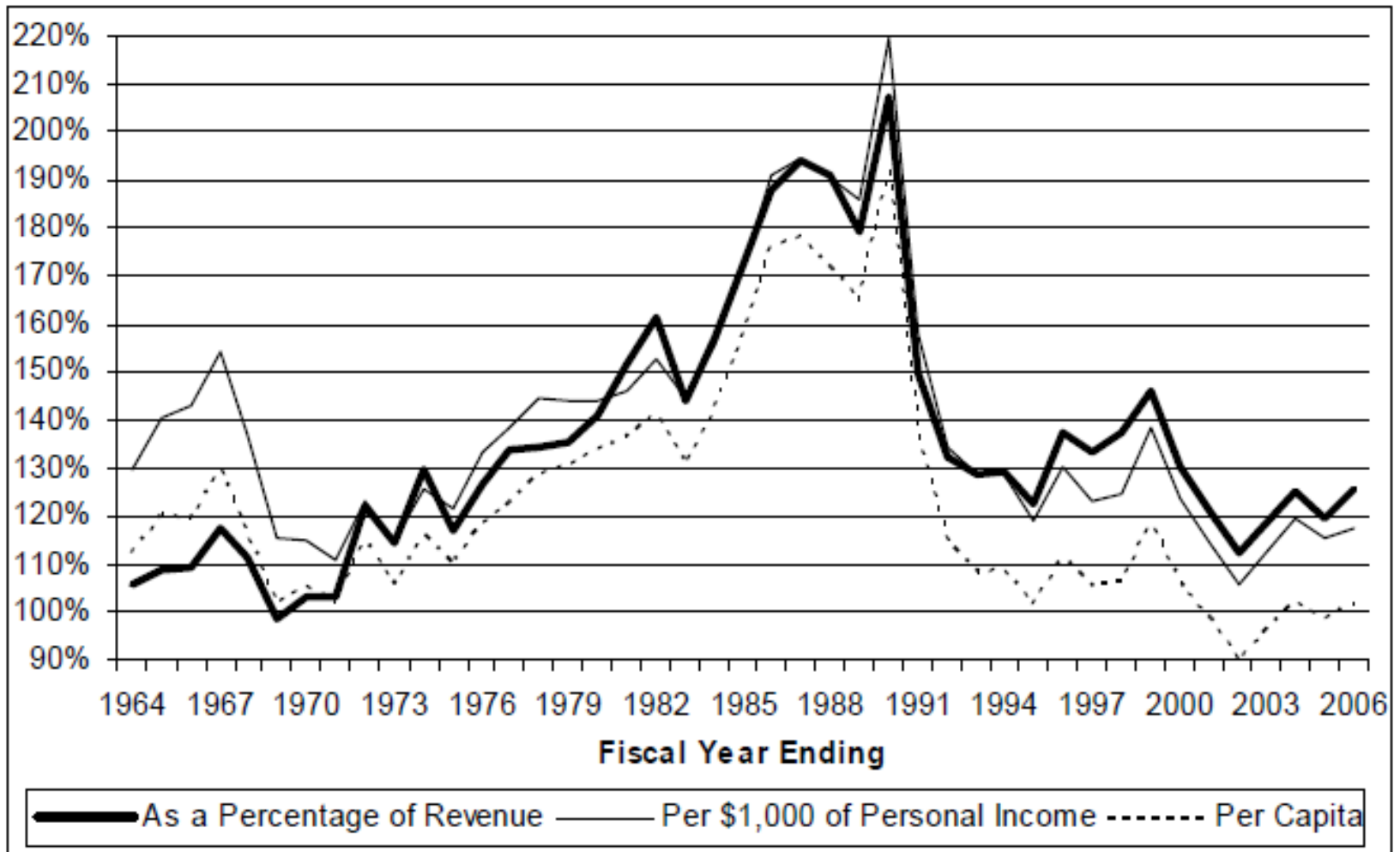
# Infrastructure

 <http://wpcarey.asu.edu/seidman/Reports/P3/infrastructure.pdf>

- Over \$800 Billion in Infrastructure needs to serve growth over the next 25 years
- State pace of Infrastructure investment has slowed
- Need to consider innovative solutions
  - PPP's
  - Toll Roads
  - Infrastructure Banks

# Infrastructure

## GENERAL FUND CAPITAL OUTLAYS OF STATE AND LOCAL GOVERNMENTS IN ARIZONA AS A RATIO OF THE NATIONAL AVERAGE

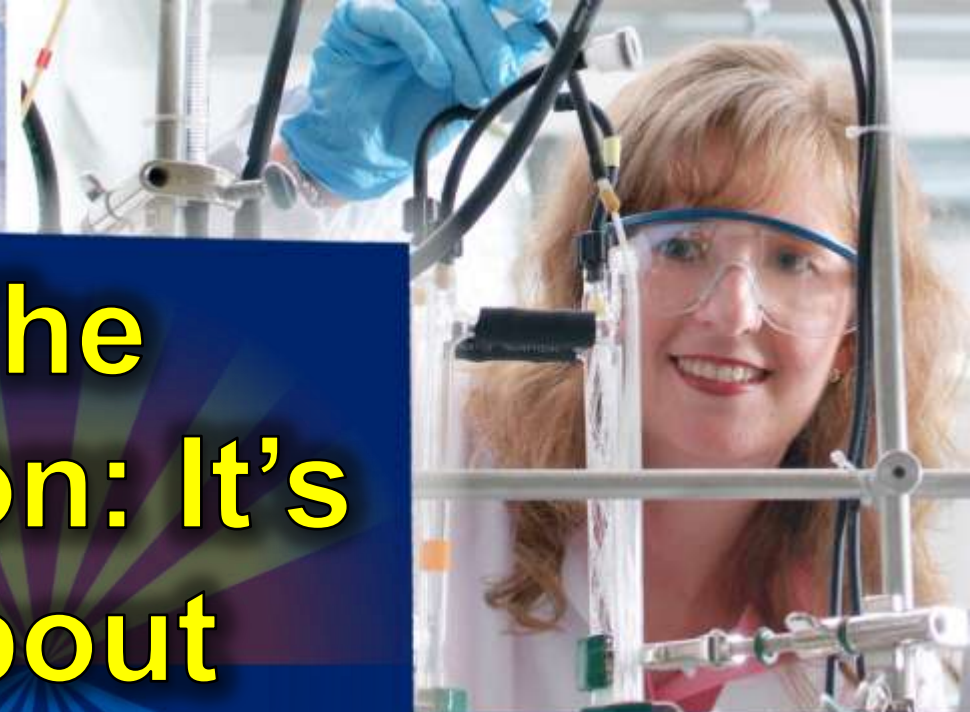


Note: Capital outlays were estimated for Arizona for 2001 and 2003.



# Competitiveness Growth Pyramid





# The Vision: It's About Execution

Donald Cardon  
President & CEO, ACA







# ACA Objectives

- To assemble the collective strengths of an actively involved Governor, Speaker Of The House, President Of The Senate and Academia leadership with a diverse representation of Arizona's top CEOs for one purpose...  
*“To significantly and deliberately advance Arizona's economic future into a pronounced global competitiveness position.”*
- To focus such strengths on specific objectives relating to how Arizona advances the appeal of its core assets throughout the global marketplace.





# ACA Objectives

- To provide the private sector with an aggressively increased opportunity of engagement within both the Executive and Legislative bodies of Arizona.
- To establish an environment where the sense of urgency and increased communication break down the silos of fragmented efforts and competitive dysfunction.
- To understand this is not political, nor is it about anyone or industry in particular...it is about the future of our state and how we distinguish ourselves within a global marketplace that is dynamic in nature.

**IT'S  
ABOUT  
EXECUTION**

**Local  
Economic  
Development  
Community**

**Governor**

**Legislative  
Leadership**

**ACA**

**Academia**

**Private  
Sector**

**Rural  
Business  
Advisory  
Council**

**Science  
and  
Technology**

**Aerospace  
and  
Defense**

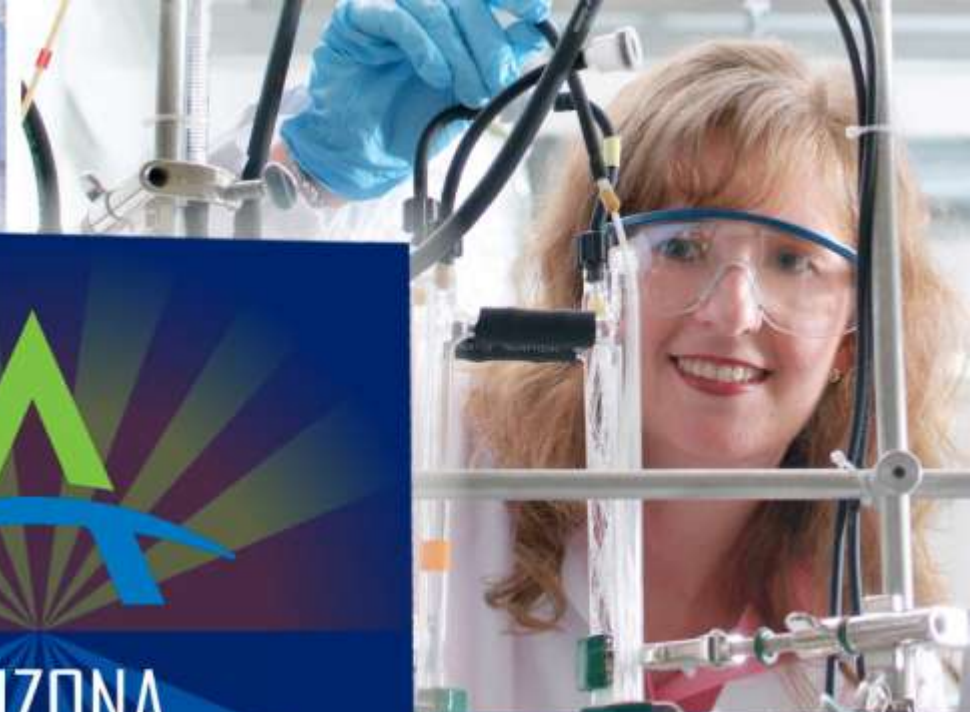
**Small  
Business  
and  
Entrepreneurship**

**Renewable  
Energy**

**ARIZONA  
Business  
Retention**

THE GRAND CANYON STATE  
WELCOMES YOU





ARIZONA  
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